

HOUSE BILL REPORT

HB 1441

As Reported by House Committee On:
Community & Economic Development & Trade

Title: An act relating to the creation of the joint legislative community development fund committee.

Brief Description: Creating the joint legislative community development fund committee.

Sponsors: Representatives Kenney, Haler, Pettigrew, Blake, Dickerson, Morrell, Hasegawa, Flannigan, Ormsby, McCoy, Santos, Sells, Haigh, Cody, Quall, VanDeWege, Ericks, Grant, Lantz, Hankins, Hudgins, P. Sullivan, Williams, Skinner, Conway, Wood and O'Brien.

Brief History:

Committee Activity:

Community & Economic Development & Trade: 1/25/07, 1/29/07 [DPS].

Brief Summary of Substitute Bill

- Creates the Community Development Fund in the state treasury to provide grants for capacity-building, technical assistance and capital projects in distressed communities.

HOUSE COMMITTEE ON COMMUNITY & ECONOMIC DEVELOPMENT & TRADE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Kenney, Chair; Pettigrew, Vice Chair; Chase, Darneille, Rolfes and P. Sullivan.

Minority Report: Do not pass. Signed by 3 members: Representatives Bailey, Ranking Minority Member; McDonald, Assistant Ranking Minority Member and Haler.

Staff: Meg Van School (786-7105).

Background:

In 2006, 15 of the 39 counties in Washington were designated as economically distressed because their unemployment rate was 20 percent or more above the statewide average over the previous three years. Six jurisdictions have been designated as Community Empowerment

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Zones by having at least 51 percent of their households with incomes at or below 80 percent of the county's median income and an average unemployment rate 20 percent above the statewide average. In addition to those officially designated, there are a number of other communities in Washington that are characterized by high unemployment rates, low income populations, deteriorating infrastructure, and a lack of facilities for community services, workforce training, and education.

Summary of Substitute Bill:

The Legislature finds that making investments in distressed area economic development and social services initiatives can create active local business districts and neighborhoods, and increase opportunities for underserved people. The Legislature also finds that non-profit organizations fill an important public purpose.

The Community Development Fund is created in the state treasury to make grant awards to qualifying governments and non-profit organizations for capacity-building, technical assistance and capital projects that: (1) support local economic development initiatives; (2) offer access to human services; (3) provide education and recreational opportunities; (4) strengthen local capacity; and (5) support capital projects.

The six-member Joint Legislative Community Development Fund Committee (Committee) is created and given responsibility to hire staff, appoint co-chairs, and adopt rules and procedures. The Committee will establish and conduct a statewide competitive grant application process, and develop accountability and reporting standards for grantees. Beginning with grants for the 2009-11 biennium, the Committee will use required and discretionary criteria to evaluate grant applications, and will submit a prioritized list of recommended projects to the Legislature for approval. The Committee may also provide an alternate list of projects to the Legislature. The Legislature may remove projects from the recommended list and add projects from the alternate list but may not change the prioritization of the recommended list.

Once the Legislature has approved the list, the Department of Community, Trade and Economic Development (Department) will develop and manage grantee contracts, monitor performance, and report information to the Committee. Along with submitting its prioritized list of recommended projects, the Committee must report to the Legislature every two years on project results and recommendations for program changes. The initial Committee report on January 1, 2009, must propose one or more sources of funding for the Community Development Fund.

Substitute Bill Compared to Original Bill:

The designation of specific pilot projects for funding in the 2007-09 biennium is removed along with the appropriations associated with those projects.

The requirement that the Committee must include members from urban and rural communities who have specific expertise in local economic development, social and human services, education and local infrastructure development is removed.

Appropriation: For Fiscal Year 2007, the sum of \$350,000 from the State General Fund to the Community Development Fund.

For the 2007-09 biennium, the sum of \$350,000 from the Community Development Fund to the Joint Legislative Community Development Fund Committee.

Fiscal Note: Requested for original bill on January 19, 2007.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed, except for section 9 which appropriates \$350,000 from the State General Fund to the Community Development Fund, and takes effect immediately.

Staff Summary of Public Testimony:

(In support of original bill) The Community Development Fund has the potential to spark an economic engine that activates and transforms economically distressed communities and delivers financial and social returns in the short- and long-term. The bill takes a visionary, new approach to meeting needs of both rural and urban distressed communities by offering financial support not only for brick and mortar projects but also for capacity-building and technical assistance. To receive an award from the Community Development Fund, communities will be required to demonstrate long-term vision that links economic development, human services, and infrastructure together in a synergistic way. The bill targets pockets of poverty that have experienced 30 years of underinvestment by the private sector and abandonment by the federal government following the 1960s "War on Poverty." It is important to maintain the personality, vibrancy and diversity of a community but at the same time to add prosperity. Grants available through the Community Development Fund will help small nonprofit organizations enhance critical services to underserved individuals. Increased availability of services such as English as a Second Language classes, domestic violence counseling, and citizenship classes will help the progression of immigrant communities towards the American dream. They are hungry to learn, to participate, and want opportunities like everyone else. Capacity-building and technical assistance are very important for small organizations in rural areas because they have few staff and limited technical ability to carry out capital projects. The number of people here today to testify makes it evident that existing state and federal resources are not reaching communities of color.

(Opposed) None.

Persons Testifying: (In support of original bill) Representative Kenney, prime sponsor; Representative Flannigan; Representative Ormsby; Rita Anderson, North Helpline; Ricardo Garcia, Northwest Community Education Center; Luz Gutierrez, Rural Community

Development Resources and Hispanic Chamber; Michael Mira, Tacoma Housing Authority; Fred Marshall, City of Ilwaco; Rogelio Riojas, Sea Mar Community Health Centers; Kip Tokuda, City of Seattle; Lincoln Ferris, Washington Association of Small Business Incubators; Roberto Maestas, El Centro de la Rosa; Julio Quan, Centro Latino; Daniel Anguiano, Casa Latina; Felix Flannigan, Jeff Robinson and Jim Walton, Martin Luther King Housing Development Authority; and Tony To, HomeSight.

Persons Signed In To Testify But Not Testifying: None.